

What's New With U.S. Savings Bonds?

Plenty!

Rates

The rates on U.S. Savings Bonds always change every six months. New rates are announced on May 1st and November 1st each year. The recently announced rate for Series EE bonds is 2.66%. The rate for the Series I bond is 4.66%, consisting of a 1.1% fixed rate and a current inflation rate of 3.56%. Keep in mind that the fixed rate on I Bonds does not change, but the inflation rate always changes (twice per year).

Minimum Holding Period

For years, the minimum holding period for any U.S. Savings Bond was six months. But effective February 1, 2003, all bonds sold on or after this date must be held for at least one year before they may be redeemed. This does not affect bonds purchased before that date, which continue to only have a six-month minimum holding period.

Maximum Purchase Limits

The annual maximum purchase limit for EE Bonds is now \$30,000 (up from \$15,000). You may also purchase \$30,000 worth of I Bonds as well. These limits are per first-named co-owner or per individual on one-owner bonds.

EE Bond Original Maturity Period Extended

Beginning June 1, 2003, all EE Bonds purchased are guaranteed to reach their original maturity (double in value) in a minimum of 20 years (up from 17 years). This will not affect the way rates are calculated and still gives EE buyers the security in knowing their bonds will definitely mature by a specific date. To date, all E and EE bonds following this rule have always doubled before their maturity date because interest rates were always sufficient to make the bonds more valuable earlier.

TreasuryDirect Goes Live!

You can now purchase both Series EE and I bonds on-line by setting up an account directly with the U.S. Treasury. This eliminates the need for issuing the bonds in paper form since you can always have access to your money by calling a toll-free telephone number. It only takes \$25 to start an account and there are no fees to get started. Money is deposited into your Treasury account from your bank account at your direction. It's easy and convenient! Go to www.treasurydirect.gov or call 1-800-722-2678 for more information.

Credit Card Sales To End

Purchasers who buy U.S. Savings Bonds at www.savingsbonds.gov via their credit card only have until December 30, 2003 to do so. Treasury encourages the use of the new TreasuryDirect program instead.

EasySaver Comes To A Close

For the past few years, the U.S. Treasury has had the ability to offer direct purchases of paper U.S. Savings Bonds via money transfer from checking or savings accounts through the EasySaver program. New Accounts in this program will not be established effective December 31, 2003, but those who are currently buying their bonds this way may continue to do so through 2004. As some point in 2005, this will be discontinued as well. TreasuryDirect remains a viable alternative to this program!

Series HH Bond Program Ending

Series HH Bonds, which are only available by exchanging Series E or EE bonds, will no longer be available in mid-2004. Persons holding Series HH bonds will continue to be able to keep them until such time as they may need to be converted to electronic form through the TreasuryDirect program. There is no plan to require conversion at this time.

Paper Bonds To Be Converted

Paper (traditional) U.S. Savings Bonds may be converted over to a TreasuryDirect account starting in mid-2004. Currently, there is no plan to require this, but it will be encouraged as a way to keep your money safely and conveniently and to avoid the problems associated with missing bonds and reissuing bonds to change beneficiaries.

Paper Bond Program To Be Continued

Paper U.S. Savings Bonds continue to be offered through financial institutions and employer payroll deduction plans throughout the country. This will continue until such time as Treasury decides to convert over completely to the TreasuryDirect System. Treasury will announce a date at a later time and will end the sale of paper securities 6 to 12 months after they announce the change. There is no current estimate of when this will happen.

Local Offices Closing

Treasury's Marketing Offices will be closing nationwide effective September 30, 2003. There will be no field presence whatsoever. If you need information about the bond program, please go to www.savingsbonds.gov, www.treasurydirect.gov, or call the Federal Reserve customer service number at 1-804-697-8370 (not a toll-free call).